

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

FEDERAL HOUSING FINANCE AGENCY,
etc.,

Plaintiffs,

v.

ALLY FINANCIAL INC. f/k/a GMAC, LLC.,
et al.,

Defendants.

In re:

RESIDENTIAL CAPITAL, LLC, *et al.*,

Debtors.

Case No. 11 Civ. 7010 (DLC)

ECF Case

Chapter 11 Case No. 12-12020 (MG)

(Jointly Administered)

**DECLARATION OF KANCHANA WANGKEO LEUNG IN
SUPPORT OF RESPONSE OF THE FEDERAL HOUSING FINANCE AGENCY TO
THE DISTRICT COURT’S PROPOSED PRODUCTION ORDER FOR LOAN FILES**

I, Kanchana Wangkeo Leung, hereby declare, pursuant to 28 U.S.C. § 1746, that the following is true and correct to the best of my knowledge, information and belief:

1. I am a member of the law firm of Kasowitz, Benson, Torres & Friedman LLP, counsel for the Federal Housing Finance Agency (“FHFA”), as Conservator for the Federal Home Loan Mortgage Corporation.

2. I make this declaration in support of the Response of the Federal Housing Finance Agency to the District Court’s Proposed Production Order for Loan Files (the “Response”).¹

3. In July of 2010, FHFA served a subpoena upon Residential Funding Company,

¹ Capitalized Terms used but not defined herein shall have the meanings assigned to them in the Response.

LLC (“RFC”)², a subsidiary of Ally Financial Inc. (“AFI”), GMAC Mortgage Group, Inc. (“GMACM” and with AFI, “Ally”) and Residential Capital, LLC (“ResCap”), seeking production of loan files underlying certain Certificates, including the loan files (“Loan Files”) that are the subject of FHFA’s proposed sample and the District Court’s proposed production order. RFC failed to comply with the subpoena.

4. In response to the Debtors’ objection to FHFA’s July 17 Application for Loan Files, FHFA narrowed its request to the sample of Loan Files that FHFA’s expert would select for reunderwriting. Prior to the September 11, 2012 hearing before the Bankruptcy Court, FHFA estimated this number to be around 2,500; however, since FHFA still lacked sufficient loan tapes, FHFA was unable to identify the precise loans (or number) at that time. By agreement with ResCap, FHFA subsequently received loan tapes and originator information from ResCap and was able to select a sample. On October 10, 2012, FHFA served on defendants the Expert Report of Charles D. Cowan, Ph.D. Regarding the Selection of Statistically Valid Random Samples of Mortgage Loans for Fifteen FHFA Actions, and identified the sample of 2,100 loans FHFA intends to re-underwrite in this action.

5. Annexed hereto as **Exhibit A** is a true and correct copy of the transcript of the conference held before the Honorable Denise L. Cote in the United States District Court for the Southern District of New York (the “District Court”) on October 15, 2012.

6. Annexed hereto as **Exhibit B** is a true and correct copy of the FHFA news release dated July 12, 2010, entitled, *FHFA Issues Subpoenas for PLS Documents*.

7. Annexed hereto as **Exhibit C** is a true and correct copy of the FHFA Conservator

² The subpoena was issued to RFC in its capacity as servicer of the loans backing the Certificates. RFC was originally sued in its capacity as the sponsor of the 21 Securitizations at issue in this action.

Subpoena to RFC, dated July 8, 2010.³

8. Annexed hereto as **Exhibit D** is a true and correct copy of the Responses and Objections by Defendants Ally Financial Inc. and GMAC Mortgage Group LLP to Plaintiff's Third Request for the Production of Documents.

9. Annexed hereto as **Exhibit E** is a true and correct copy of the transcript of the hearing held before the Honorable Martin Glenn in the United States Bankruptcy Court for the Southern District of New York on September 11, 2012.

10. Annexed hereto as **Exhibit F** is a true and correct copy of the transcript of the hearing held before the Honorable Denise L. Cote in the United States District Court for the Southern District of New York on July 17, 2012.

11. Annexed hereto as **Exhibit G** is a true and correct copy of the Shared Services Agreement, in the form annexed to the Declaration of Mary Fahy Woehr (the "Woehr Declaration") [Bankr. Docket No. 1295, Exhibit 1], filed in support of the *Debtors' Supplemental Brief in Support of its Objection to Motion of the Federal Housing Finance Agency for Relief from the Automatic Stay* (the "Debtors' Supplemental Brief") [Bankr. Docket No. 1295].

12. Annexed hereto as **Exhibit H** is a true and correct copy of the Record Services Statement of Work, in the form annexed to the Supplemental Mongelluzzo Declaration [Bankr. Docket No. 1295, Exhibit 2] filed in support of the Debtors' Supplemental Brief.

13. Annexed hereto as **Exhibit I** is a true and correct copy of the Supplemental Mongelluzzo Declaration (the "Supplemental Mongelluzzo Declaration") [Bankr. Docket No. 1295], filed in support of the Debtors' Supplemental Brief.

³ Due to the size of the exhibit to the subpoena (an Excel spreadsheet), it is not practicable to include it with this filing. FHFA will provide an electronic copy to the Court upon request.

14. Annexed hereto as **Exhibit J** is a true and correct copy of the Legal Services Statement of Work, in the form annexed to the Woehr Declaration filed in support of the Debtors' Supplemental Brief.

15. Annexed hereto as **Exhibit K** is a true and correct copy of the Declaration of John G. Mongelluzzo [Bankr. Docket No. 1023, Exhibit 2] filed in support of the *Debtors' Objection to Motion of the Federal Housing Finance Agency for Relief from the Automatic Stay* [Bankr. Docket No. 1023].

16. Annexed hereto as **Exhibit L** is a true and correct copy of the *Debtors' Motion for Interim and Final Orders Under Bankruptcy Code Sections 105(a) and 363(b) Authorizing Residential Capital, LLC to Enter Into a Shared Services Agreement with Ally Financial Inc. Nunc Pro Tunc to the Petition Date for the Continued Receipt and Provision of Shared Services Necessary for the Operation of the Debtors' Businesses* (the "Shared Services Motion") [Bankr. Docket No. 41].

17. Annexed hereto as **Exhibit M** is a true and correct copy of the Summary of the Statements of Work, in the form annexed to the Shared Services Motion [Docket No. 41, Exhibit B].

18. Annexed hereto as **Exhibit N** is a true and correct copy of the email dated August 9, 2012, from Ray C. Schrock to Daniel A. Fliman, Richard M. Cieri, Stephen E. Hessler, Andrew K. Glenn and Kanchana W. Leung.

19. Annexed hereto as **Exhibit O** is a true and correct copy of the email dated September 4, 2012, from Andrew K. Glenn to Daniel A. Fliman, Richard M. Cieri, Stephen E. Hessler, Ray C. Schrock and Kanchana W. Leung.

I declare that the statements set forth above are true and correct to the best of my
knowledge, information and belief.

Dated: New York, New York
October 22, 2012


Kanchana Wangkeo Leung